



FOR IMMEDIATE RELEASE

May 2, 2008

FACT SHEET

MAYOR MOVES 11 CITY FUNCTIONS FORWARD IN MANAGED COMPETITION PROCESS

MAYOR ADDS TO FUNDAMENTAL PROTECTIONS FOR TAXPAYERS, EMPLOYEE TEAMS AND PRIVATE BIDDERS

Mayor Jerry Sanders has announced that he is moving 11 City functions forward in the voter-approved managed competition process. The functions selected by the Mayor include more than 291 positions and \$63.1 million of the City's budget. Four of the functions are within the City's Environmental Services Department. The remaining functions are in the City's General Services Department.

All 11 functions were drawn from the 26 functions that the Mayor moved into pre-competition assessment over the past five months. Pre-competition assessments are used to determine if an individual function is eligible for the competitive procurement process. Each of the functions chosen by the Mayor to move forward in the managed competition process has been found eligible for competitive procurement.

The Mayor has chosen to move forward with services that have great potential for offering the City a better overall value if delivered through a competitive procurement effort. Requests for proposals and bids to provide services will be solicited from both City employee teams and independent contractors. Selection of the winning bidder will be determined based on multiple factors including technical capability, reliability and lower costs for the City.

FUNCTION (DEPARTMENT)	# OF POSITIONS	BUDGET AMOUNT
Proceeding Directly to Competition:		
Approximately 1/5 of solid waste collection services (Environmental Services) ⁽¹⁾	46	\$ 10,578,342
Street sweeping (General Services)	21	\$ 5,792,572
Greenery compost facility operations (Environmental Services)	14	\$ 2,593,786
Container delivery services (Environmental Services)	6	\$ 1,208,420
Dead animal pick-up (Environmental Services)	1	\$ 165,934
Proceeding to Competition after Packaging Review:		
Street Maintenance	56	\$ 8,527,430
Pavement markings and signs (General Services)	41	\$ 4,638,516
Storm drains maintenance (General Services)	38	\$ 14,174,287
Traffic signals maintenance (General Services)	26	\$ 6,668,627
Street lights maintenance (General Services)	24	\$ 5,809,178
Sidewalk maintenance (General Services)	19	\$ 3,033,048
TOTAL	292	\$ 63,190,140

(1) Position totals and budget amounts associated with solid waste collection services are approximate and are contingent on the collection routes chosen for competitive procurement.

MAYOR REAFFIRMS PROTECTIONS FOR TAXPAYERS AND EMPLOYEES

The Mayor has worked to ensure that the City's managed competition program includes far-reaching protections for taxpayer interests. These protections include minimizing potential risks from the competition effort and ensuring that the City maintains a level playing field for both employee teams and independent contractors bidding on City services.

As part of his effort to protect taxpayers and reduce risks for the City, the Mayor has decided to ***use a phased approach to move the City's solid waste collection services into competitive procurement.*** This phased approach will open competition for approximately one-fifth of the City's collection routes at a time. This will reduce the risk associated with competing this function by allowing the City to maintain its ability to provide this critical service should there be any default by a contractor selected to provide this service.

Competitive procurement for future phases of solid waste collection services will also occur in increments equal to one-fifth of current collection routes. The timetable for moving additional increments to competitive procurement will be set following an evaluation of the first round of competition and the City's contracting capacity. The Mayor may choose to move more than one set of collection routes forward at a time following the initial round of competitive procurement.

The City intends to always retain at least one-fifth of current collection routes. That way, it would remain ready to resume collection service in any contracted areas should a private

contractor default on its service agreement. This method for avoiding default risk is modeled on the successful competition program undertaken by the City of Phoenix.

The Mayor also has reaffirmed his commitment to ensuring the entire managed competition effort remains a fair, open and transparent process and will ensure that:

- Contracting recommendations will be based upon “best value” to the taxpayers.
- At least two bids from independent contractors must be received.
- Potential contractors must be able to provide the service at a savings of 10% or more as compared to the bid made by employees.
- The recommendation to award a contract to an external vendor or the City employee team will be made by the Managed Competition Independent Review Board (MCIRB).
- The Mayor can only accept or reject a contracting recommendation from the MCIRB. He cannot amend it. Likewise, the City Council can only accept or reject the Mayor’s proposal.
- Should an award go to an independent contractor, employees will not be precluded or hindered from seeking employment with that contractor.
- Appropriate “firewalls” will be established between the employee and management team developing the contract specifications and the employee team preparing the City’s employee proposal in order to protect the integrity of the process.
- Employee teams will be provided with support to develop a competitive proposal.
- Statement of Work development will be led by an expert team of outside consultants and supported by the functional expertise of City staff.
- Contracts will be limited to a five-year period and regular audits will ensure the agreed upon level of services are being provided.

MAYOR SUPPORTS MAKING PROCESS EVEN SAFER FOR CITY, TAXPAYERS AND BIDDERS

The Mayor has agreed to add new policies and procedures that will enhance the managed competition program’s existing protections, making the managed competition process more inclusive and even safer for the City, taxpayers and the employee teams and independent contractors bidding to supply City services. The Mayor has agreed:

1. The employer contribution to employee health coverage will be excluded from bid comparisons. Removing health care costs is consistent with the processes used by other jurisdictions involved in competitive procurement processes.
2. To provide a set of “service specifications” to the City Council and the Managed Competition Independent Review Board in advance of developing the Statements of Work that will be the basis for the request for bids. The MCIRB will have an opportunity to review the service specifications and the Council will review and vote on the specifications before any bids are requested.

3. The City's auditor will review the cost comparison data of bids being considered under managed competition, including the employees' bid and will lead the cost evaluation board.
4. The pre-competition assessment process will include an analysis of whether the City should maintain its ability to perform services that may be contracted to private bidders. The City may want to maintain that ability if the risks of failing to provide specific services are too high or unacceptable for public health, safety or budgetary reasons.
5. That the transition period between City provided services and those that may be provided by a private contractor will be at least 90 days from the City Council's award of the contract. That way, workers whose jobs are transferred to a contractor through managed competition will be retained for at least 90 days. Under no circumstance will that retention result in employees receiving salaries for two jobs simultaneously.

NEXT STEPS IN PROCESS PROVIDE PUBLIC AND COUNCIL INPUT

The Mayor will develop *service specifications* for the 11 functions now moving forward as part of the development of the Statements of Work required before the City can request proposals for providing these services. The service specifications will document the level of services currently provided by the City. The MCIRB will be given the opportunity to review and comment on the service specifications and the City Council will review and vote on the specifications developed for each function. Following receipt of those comments and the Council's vote, the City will proceed with developing the Statements of Work. The City is awaiting a decision from the state Public Employment Relations Board related to a challenge of various aspects of the voter-approved managed competition program filed by the Municipal Employees Association and AFSCME, Local 127. The City continues to plan accordingly and move the 11 functions forward in the managed competition process.

TIMELINE FOR NEXT STEPS IN MANAGED COMPETITION PROCESS

Activity	Timeline
Develop Service Specifications	Spring - Summer 2008
Develop Request for Proposals	Summer 2008
Advertise initial solicitation(s)	Summer 2008
MCIRB reviews initial proposals	Fall 2008
Mayor/Council consider initial award recommendations	End of 2008
City Meets & Confers with impacted labor organizations	Early 2009
Transition to proposed service delivery process completed for initial awards	By Summer 2009
Performance Monitoring	Thereafter - Ongoing

NEXT STEPS FOR SOME FUNCTIONS WILL LEAD TO LATER COMPETITIVE PROCUREMENT

Four functions with completed pre-competition assessments will not be moving forward to competitive procurement at this time. The function, together with the reason for moving them to competition at a later date, is:

- **Bindery and reproductive services** Business Process Reengineering recommendations will be implemented immediately to continue the City's reform efforts while the General Services Department focuses on moving other functions into competition.
- **Graphic design** Business Process Reengineering recommendations also will be implemented immediately.
- **Disposal operations** of the Environmental Services Department will be considered for competitive procurement should the landfill's vertical height expansion be approved.
- **Fee booth operations** at the Miramar Landfill also will be considered should approval of the landfill's vertical height expansion be received.

SOME FUNCTIONS FOUND INELIGIBLE AND/OR INAPPROPRIATE FOR COMPETITION

Some of the functions originally being studied for competitive procurement have been found to be ineligible or inappropriate as a result of the pre-competition assessment. These include:

- **Grant and gifts (identification and application):** This function was found to require input and support from such a broad diversity of employees that it was determined to have no opportunity for increased efficiencies from independent contractors
- **Grant administration:** This function was determined to be inherently governmental and thus ineligible for competition.
- **Landfill monitoring and maintenance:** This was also considered to be an inherently governmental function and ineligible for competition.

At the Mayor's direction, City staff is conducting pre-competition assessment work for two functions in the Development Services Department, five functions in the Library Department and a single function in the City's Department of Homeland Security. The Mayor intends to complete each of these assessments no later than mid-summer.